

\*\*E-Filed 2/4/2009\*\*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION**

ACER, INC., ACER AMERICA  
CORPORATION, and GATEWAY, INC.,

Plaintiffs,

v.

TECHNOLOGY PROPERTIES LIMITED,  
PATRIOT SCIENTIFIC CORPORATION, and  
ALLIACENSE LIMITED,

Defendants.

Case Number C 08-0877 JF (HRL)

ORDER<sup>1</sup> GRANTING MOTION FOR  
LEAVE TO FILE FIRST AMENDED  
COMPLAINT

[re: doc. no. 52]

Plaintiffs Acer, Inc., Acer America Corporation, and Gateway, Inc. (collectively, "Acer") seek leave to file a first amended complaint. Defendants Technology Properties Limited, Patriot Scientific Corporation, and Alliacense Limited (collectively, "TPL") oppose the motion. For the reasons set forth below, the motion will be granted.

**I. BACKGROUND**

On February 8, 2008, Acer filed the instant request for declaratory relief as to U.S. Patent Nos. 5,809,336 ("the '336 patent"), 5,784,584 ("the '584 patent"), and 5,440,749 ("the '749

<sup>1</sup> This disposition is not designated for publication in the official reports.

1 patent"). On April 25, 2008, TPL sued Acer in the Eastern District of Texas for infringement of  
 2 multiple patents, including the three patents at issue herein as well as U.S. Patent No. 6,598,148  
 3 ("the '148 patent"). Less than two months later, TPL filed a second infringement suit against  
 4 Acer in the Eastern District of Texas, asserting U.S. Patent No. 5,330,890 ("the '890 patent").  
 5 These five patents are part of the Moore Microprocessor portfolio ("MMP") patent family.

6 On the same day that it filed its suit involving the '148 patent, TPL moved to dismiss or  
 7 transfer Acer's declaratory judgment action pending in this Court. On October 21, 2008, the  
 8 Court denied TPL's motion to dismiss or transfer. Both before and after the denial of TPL's  
 9 motion, the parties met and conferred in an attempt to reach an agreement to amend Acer's  
 10 operative complaint to add the '148 and '890 patents.<sup>2</sup> After failing to arrive at an agreement,  
 11 Acer filed the instant motion on November 14, 2008.

## 12 II. DISCUSSION

13 Leave to amend a pleading before trial should be "freely give[n] ...when justice so  
 14 requires." Fed. R. Civ. P. 15(a)(2). In the Ninth Circuit, this policy is applied with "extreme  
 15 liberality." *Owens v. Kaiser Found. Health Plan, Inc.*, 244 F.3d 708, 712 (9th Cir. 2001)  
 16 (citation omitted). When considering whether to grant leave to amend, a district court may  
 17 consider four factors: (1) existence of bad faith; (2) whether the amendment will cause undue  
 18 delay; 3) prejudice to the opposing party; and (4) futility. *Id.* In the absence of prejudice or other  
 19 negative factors, the party opposing the motion to amend has the burden of showing why  
 20 amendment should not be granted. *See DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 187 (9th  
 21 Cir. 1987).

22 TPL argues that Acer should have included the '148 and '890 patents in its original  
 23

---

24 <sup>2</sup> The '148 and '890 patents also are at issue in two declaratory judgment actions currently  
 25 pending in this court, *HTC Corp. et al. v. Tech. Props. Ltd. et al.* (C 08-00877 JF) and *Asustek*  
 26 *Computer Inc. v. Tech. Props. Ltd. et al.* (C 08-00884 JF), which have been designated as related  
 27 to the instant case. HTC and TPL stipulated to HTC's amendment of its complaint to add the  
 28 '148 and '890 patents. The Asustek case apparently has settled, but no dismissal has been filed.  
 A third declaratory judgment action, *Barco N.V. v. Tech. Props. Ltd. et al.* (C 08-5398 JF), was  
 filed on December 1, 2008 and was designated as related to the three other pending actions on  
 December 17, 2008. Barco's operative complaint includes the '890 patent.

1 complaint because they are part of the MMP patent family and thus were part of the licensing  
2 dispute that led to the filing of the instant declaratory judgment action. TPL further asserts that  
3 even if the two additional patents were not in dispute originally, months have passed since the  
4 patents first were asserted in the Eastern District of Texas and Acer's motion to amend thus is  
5 untimely. Finally, TPL argues that even if the instant motion is not untimely, it should be denied  
6 nonetheless because of the parallel litigation in Texas and the likelihood that the Texas litigation  
7 will be transferred to this Court eventually, mooted the need to amend the complaint.

8 TPL's arguments are contrary to the facts and controlling law. First, Acer has presented  
9 evidence indicating that the '148 and '890 patents were not at issue during licensing negotiations;  
10 in fact, other MMP patents were discussed and it was those patents Acer asserted in its original  
11 request for declaratory relief. In addition, the record reflects that Acer has been diligent in trying  
12 to reach an agreement to amend the complaint. Finally, the factors relevant to whether the Court  
13 should grant leave all favor amendment. There is no prejudice to TPL as the instant action still is  
14 in the early stages of litigation. If the pending litigation in the Eastern District of Texas is  
15 transferred to this Court or dismissed, judicial economy will be served by allowing amendment  
16 of the complaint now so that the '148 and '890 patents are subject to the same case management  
17 schedule as the other patents at issue. Accordingly, Acer will be granted leave to file a first  
18 amended complaint.

#### 19 IV. ORDER

20 Good cause therefor appearing, IT IS HEREBY ORDERED that Acer's motion for leave  
21 to file a first amended complaint is GRANTED.

22  
23  
24 DATED: February 4, 2009

25   
26 JEREMY FOGEL  
27 United States District Judge  
28

1 This order has been served upon the following persons:

2 Eugene Y. Mar emar@fbm.com, calendar@fbm.com, mclaros@fbm.com

3 Harold H. Davis , Jr harold.davis@klgates.com, cathy.williams@klgates.com,  
4 chancell.yates@klgates.com, patricia.wiggins@klgates.com

5 Helen E. Dutton hdutton@fbm.com, calendar@fbm.com, mzappas@fbm.com

6 Jack Slobodin jlslobodin@yahoo.com

7 Jas S Dhillon jas.dhillon@klgates.com, jas.dhillon@klgates.com, james.boston@klgates.com

8 Jeffrey M. Fisher jfisher@fbm.com, calendar@fbm.com, renterig@fbm.com,  
9 wpemail@fbm.com

10 John L. Cooper jcooper@fbm.com, brestivo@fbm.com, calendar@fbm.com

11 Kyle Dakai Chen kchen@whitecase.com, dleverton@whitecase.com,  
12 gohlsson@whitecase.com

13 Mark R. Weinstein mweinstein@whitecase.com, mkenny@whitecase.com

14 Samuel Citron O'Rourke eupton@whitecase.com

15 Timothy Paar Walker timothy.walker@klgates.com, carol.ridgeway@klgates.com,  
16 perry.brooks@klgates.com

17 William Sloan Coats , III wcoats@whitecase.com, eupton@whitecase.com,  
18 gohlsson@whitecase.com, mkenny@whitecase.com, mlambert@whitecase.com